

President Trump Takes Executive Action as Further Stimulus Bill Talks Stall

By Aidan Lawson

Original post [here](#).

The [first](#) memorandum repurposed existing disaster relief funds for COVID-19 relief. The president allocated an additional \$70 billion from the Disaster Relief Fund (DRF), which has been traditionally used to finance natural disaster support, to be used for COVID-19-related expenditures. President Trump also requested that states make more active use of the \$80 billion in Coronavirus Relief Fund (CRF) allocations that have not yet been used. The CRF funds will be used to support expanded state unemployment programs and ensure that they will continue through the end of the year.

Of the newly appointed DRF funds, \$44 billion of them will be directed to "lost wage assistance." This assistance allows state governors to provide weekly payments of \$400 a week to people that have received expanded unemployment or COVID-19-related federal relief or can demonstrate that they are unemployed or underemployed due to the pandemic. The initial [release](#) said that the federal government will only contribute \$300 a week, meaning cash-strapped states will have to pay the other 25% themselves. The governor of South Dakota has [declined](#) this relief, citing its improving economy as the rationale

The Trump administration [clarified](#) later that states are not required to contribute the 25% to receive the federal aid, which could only last up to five weeks. States have also [expressed concern](#) about the administrative burden the program would place on states and that the onus is on the federal government to pass more comprehensive relief.

The [second](#) memorandum deferred payroll tax obligations from September 1 through December 31 for employees making approximately less than \$4,000 (pre-tax) every two weeks, or about \$104,000 a year. It is important to note that this is simply a deferral, so these taxes will need to be paid back at some point. President Trump has promised, however, that he would make the deferral permanent if re-elected (see [here](#)).

The Center on Budget and Policy Priorities (CBPP) [stated](#) that the action could potentially increase administrative and financial burdens on businesses without providing any short-run economic stimulus. There are a myriad of [logistical issues](#) - payroll tax changes are harder to make than those for income taxes, incomes of employees could vary throughout the year, and a number of firms are still waiting for exact guidance from the IRS. It is unclear if employers would even need to pass on the additional savings to their employees. The CBPP was skeptical that, even if the relief did make it to employees, they are likely to save it since the period will only be for about four months.

Most recently, the U.S. Chamber of Commerce, along with a coalition of more than 30 trade associations wrote a [letter](#) to House Speaker Nancy Pelosi, Senate Majority Leader Mitch McConnell, and Treasury Secretary Steven Mnuchin stating that the payroll tax relief is "unworkable." The group stated that the relief could impose a significant tax liability on employees, and that many of the members of the trade associations would likely decline to offer the deferral.

The [third](#) action, and only executive order, gives general authority to provide relief to renters. The CARES Act provided a four-month eviction moratorium, but this ended on July 24 (see [here](#), pp. 492-493). The Federal Housing Finance Agency (FHFA) also extended a separate federal eviction moratorium, but it is set to expire at the end of August (see [here](#)).

The language in the order is very vague, however. It states that the Secretary of Health and Human Services and the Director of the CDC should "consider" whether an additional eviction moratorium is necessary to curb the spread of COVID-19. It also requires the Secretary of the Treasury and the Secretary of Housing and Urban Development (HUD) to identify any additional funds that could be used for potential financial assistance to renters and homeowners that are struggling to make rental or mortgage payments. The order also directs the Secretary of HUD to and the Director of the Federal Housing Finance Agency to promote and review different ways to prevent evictions and foreclosures.

The order does not provide any concrete relief to renters or homeowners but merely encourages the heads of key agencies to explore avenues that could offer additional relief. The CBPP stated that the order would not help renters at all, given its language. Evictions are still [continuing](#) across the country and as many as 30-40 million Americans are at risk, according to a [report](#) released by a group of housing advocates and researchers.

The [fourth](#) action and final memorandum extends student loan payment relief. The administration previously provided some student loan [relief](#) on March 20 by both introducing payment forbearance and setting interest rates on federal student loans to 0% for 60 days. The CARES Act also suspended all student loan payments until September 30. This executive order suspends all interest and principal payments made on student loans through the end of the year. This relief will likely be automatic and apply to most borrowers that have public loans, but there are some areas of [confusion](#).

Borrowers that are in the federal government's [Public Service Loan Forgiveness \(PSLF\) program](#) may still need to make any deferred payments, just at a later date. The PSLF forgives student loan balances for borrowers that work for the U.S. or tribal government, as well as qualifying non-profit if they make 120 qualifying payments on their loans. The CARES Act relief counts six months of non-payments afforded to borrowers towards the PSLF payment threshold. For example, if you had 120 payments left to qualify for forgiveness after the Act was passed in March, the six months of non-payments would count towards your 120 qualifying payments, meaning you would have 114 left at the end of the relief period in September even if you paid nothing. The executive order, however, does not explicitly discuss student loan forgiveness,

leading many to recommend that, after the CARES Act relief expires at the end of September, PSLF participants resume repaying their loans. The CARES Act also paused debt collection for student loans, but the executive order does not mention this, either.

Generally, the reception towards this relief seems mixed, with some [believing](#) that the president may face legal challenges, as Congress usually holds the purse strings. Congressional Democrats, however, seem to be "unlikely" to take that fight given the logistical limits of the payroll tax deferral and disaster relief reapportionment and that they believe they are "[nearly unworkable](#)." As discussed above, there are a host of problems with each of the orders - ranging from logistical confusion, vague word choice, and heavier burdens on already-struggling state and local authorities. The administration has issued some guidance to clarify some of these concerns, but the real battle is being fought in Congress, where [Democratic](#) and [Republican](#) lawmakers continue to trade plans for more comprehensive relief [back and forth](#) with no end in sight.